WEALTH MARKETS AND COMMERCE

FINANCIAL MEETINGS.

CHICAGO, SAINT PAUL, MINNEAPOLIS AND OMAHA RAILWAY CO.

NOTICE OF ANNUAL MEETING.

The Annual Meeting of the Stockholders of the Chicago, Saint Paul, Minneapolis and Omaha Railway Company will be held at the office of the company, in the city of Hudson, Wisconsin, on Friday, October 20, 1916, at nine o'clock A. M., for the election of directors and the transaction of such other business as may come before said meeting.

Transfer books will be closed on Monday, September 18, 1916, at the close of business on that day, and will be reopened on Saturday, October 21, 1916.

Dated, September 1, 1916.

JAMES T. CLARK, President.
JOHN D. CALDWELL, Secretary.

Chicago and North Western Railway Co.

NOTICE OF ANNUAL MEETING.

The Annual Meeting of the Stockholders of the Chicago and North Western Railway Company will be held at the office of the company, 226 West Jackson Boulevard, in the City of Chicago, Illinois, on Thursday, October 19, 1916, at eleven o'clock A. M., for the election of Directors and the transaction of such other business as may come before said meeting.

Transfer books will be closed on Monday, September 18, 1916, at the close of business on that day, and will be reopened on Friday, October 20, 1916.

Dated, September 1, 1916.

RICHARD H. AISHTON, President.
JOHN D. CALDWELL, Secretary.

LEGAL NOTICE.

STATE OF NEW YORK—OFFICE OF THE SECRETARY OF STATE, SS.:

IT IS HEREBY CERTIFIED, That the trade-mark "GEARKANE" of Swan & Finch Company, was this day placed on file in this office. The principal place of business of said Company is located at No. 165 Broadway, Borough of Manhattan, City, County and State of New York.

WITNESS my hand and the seal of office of the Secretary of State at [Seal.] the City of Albany, this thirtieth day of August, one thousand nine hundred and sixteen.

C. W. TAFT,
Second Deputy Secretary of State.

Representatives of the Entente Powers are buying horses at National stockyards, Illinois, at the rate of 800 a week. Since the war started it is estimated that 219,000 horses have been sold to the Allies, at a cost of $39,000,000.

Finance - Economics

GARET GARRETT, Editor.

WALL STREET OFFICE: Mills Building, 15 Broad St. Telephone: Hanover 6514.

Saturday, August 23, 1916.

Again, after a week of rising prices and enormous activity on the New York Stock Exchange, the Clearing House banks on Saturday reported a large gain in surplus reserve. It takes a great deal of credit to finance a speculation such as is now in progress in Wall Street, but what people seem to fear is that the supply of stocks will be exhausted while yet there is the credit to buy them with. There may not be stocks enough to go around; but of credit there is a vast amount. The Federal Reserve Bank system ought to be impounding gold and taking other steps to remove from people the temptation to abuse cheap and excessive credit. Instead, the members of the Federal Reserve Board delight to picture this country as a financial Eden. People have been delivered forever from the danger of Panics. "We can never, under the Federal Reserve system, have a currency famine," says Charles S. Hamlin. Why, no. The production of paper currency presents only technical and mechanical difficulties. But what of credit? Apparently that is inexhaustible also. Mr. Hamlin says: "Never again in this country will the business man who deserves credit be turned down." Add to this the McAdoo doctrine that every American citizen who does not own a bank is entitled to the use of credit and you have the whole delusion.

Allow for the fact that owing to the stamp tax and to the moral disapproval of the Stock Exchange there is less pure swapping of stocks between professional traders on the floor than was formerly included in the record of million-share days, and the assertion will stand that the stock market of the last two weeks has been the widest and biggest in the history of Wall Street. The biggest stock has furnished the most excitement, namely, United States Steel common. Never before was there such a market in one stock, on the New York Stock Exchange or perhaps anywhere else in the world, as existed last week in Steel common. This has to be proved not by the transactions alone, which were 1¼ million shares, nor by the rise in the price, which was 9¼ points, but by the testimony of those who were in it and who by long experience know a market by a sense of feeling. There was a market on which you could buy or sell at any time practically an unlimited quantity of stock without let or hindrance. **It was**, in fact, what your Stock Exchange expert calls a natural market. That is one which is neither created nor influenced by manipulation; it is one produced entirely by the rational, irrational, conscious and unconscious reactions of thousands of people with their attention focussed on one dazzling and rapidly revolving object. It is a much more fascinating thing to watch than a hand made market, which is a game between the manipulator on one side and the public on the other. It is a game in which the gambling public always loses. More important is the fact that it is a game in which the manipulator ultimately loses, too. There is no profit in gambling. Therefore, the distinction between a natural and a manipulated stock market is technical and not moral. Gambling in one will ultimately be as unprofitable as in the other. And this present natural stock market has its full content of pure gambling.

The present bull campaign in the stock market is now entering upon its second month. It seems to gather momentum as it proceeds. Million share days are no longer a novelty. There have been fifteen consecutive sessions in which dealings have exceeded the million share mark. The average price of the leading industrial shares has risen from 95 to 101; the rails from 119 to 122. Some of the more important industrials have registered extreme gains. United States Steel, for instance, has risen more than 25 points within a period of four weeks.

Curiously enough the beginning of the current upturn in the stock market, with its accompanying large expansion in speculative activity, dates back to mid-August, when the $250,000,000 British loan was brought out. The coincidence is interesting. Of the $300,000,000 collateral pledged behind the loan, $100,000,000 consisted of American railroad and industrial stocks and bonds. The pawning of these securities took them off the market temporarily. The British in the terms of the loan retained the right of substitution. In other words, they could withdraw such collateral as they might wish to sell and substitute other collateral for it. No one but the bankers can say whether this has been done. As a matter of fact, the list of stocks in the collateral behind the loan contains none of the big speculative leaders in the present market. United States Steel common is conspicuous by its absence. About the only important industrial common stock in the list is American Sugar. Most of the other industrial stocks are in the preferred class. On the other hand, there are such well known railway shares in the list as Union Pacific, Baltimore & Ohio and New York Central, Pennsylvania and Northern Pacific, which have enjoyed relatively small advances. While Steel has been advancing 25 points, Union Pacific has moved up 8 points, New York Central 4, and Baltimore & Ohio 2.

The Myth of Posterity.

To posterity has been assigned an important though unheroic participating interest in the present war. It may pay. Observe the auxiliary verb. It is permissive, not imperative. No belligerent country has found it expedient to defray any very large part of the war's cost by taxation. In Germany it was not until the second year that taxation was increased sufficiently to meet the interest on war loans. At first, interest on one loan was paid out of the proceeds of the next. Professor Bonn, reaching this fact in his interesting review of German war finance, argued most plausibly that as the burden of fighting and suffering weighs so heavily on the present generation it is but fair that the future generation should bear its share in cash. In Great Britain between 11 and 12 per cent of the cost of war is met by taxation—more there than in any other belligerent country—but one-third of the cost of the Napoleonic wars, 1793 to 1815, was met by taxation and only two-thirds by loans. That is a striking contrast. The English argument is the same as the German. Posterity must be allowed to bear its share of the burden, since it will enjoy the fruits. It may be noticed, of course, that whereas the part reserved to posterity in both cases is the same, the fruits cannot be divided. If what English posterity pays for be the fruits of war, then what German posterity pays for will be the husks thereof, or conversely. If a country has much accumulated wealth, that entitles it to borrow rather than to tax itself. On one hand, its wealth gives it good credit, and, on the other hand, the conservation of that wealth will enable it all the sooner to rehabilitate itself after the war. But if a country is potentially rich, like Canada, and has not much accumulated wealth, that is the very best reason why it should borrow to pay for war. Sir Thomas White, Finance Minister of Canada, states that side of the case perfectly:

> If a country has much accumulated wealth, a policy of drastic taxation would appear to be advisable. With a country such as ours, rich in potential resources, certain of future development and great expansion of production and population, but without at present large accumulations of wealth, it would appear that the placing upon posterity the greater portion of the financial burden of this war is justifiable, waged as it is in the interests of human freedom, and for their benefit in equal if not in greater degree than for our own.

So there is no escape for posterity.

Professor Carver thinks people ought to be taxed for the whole cost of any war they start—taxed to the very bone. That might restore them more quickly to a state of sanity. In any case, they would be sooner at the end of their money resources, and, therefore, the sooner done with fighting. It is interesting doctrine and ethically sound, but, alas! not feasible to be practised. War is not a solvent business. The country that most rapidly converts property to war's destructive purpose will win. If one country borrows to raise capital more rapidly than it could be raised by taxation, its adversary is obliged to do likewise. And if capital could be raised as quickly by international taxation, carried to the point of wholesale confiscation, as by internal borrowing, there would still be the recourse to foreign loans. Thus, if Great Britain and Germany and France and Russia, all alike, were raising war funds by taxation to the utmost limit, the Allies would have the great advantage of being able to borrow abroad, which is nothing, of course, but to pledge their future, and the future belongs to posterity.

However, posterity is not the helpless thing we commonly suppose it to be. In the first place, it doesn't exist; that is, not in the sense in which we speak of it. It has no beginning or middle or end, like tomorrow or next year. It is one thing to a man of thirty and another to a man of sixty. There is no such thing as a present generation definitely distinguished from a future generation. People are continuous. When the war ends people all together will begin to pay for it, provided it is not too much to pay. The only certainty is that they will not pay more than they can afford to pay. If the load of deferred war cost becomes too great it will not be paid. Moreover, if it were too great the creditor could not afford to exact payment.

Money and Credit

The actual condition of the New York Clearing House banks on Saturday was as follows:

Loans and discounts	$3,315,613,000
Reserve in own vaults	450,051,000
Reserve in Federal Reserve Bank	177,039,000
Reserve elsewhere	54,362,000
Net demand deposits	3,293,755,000
Net time deposits	168,379,000
Circulation	31,175,000
Aggregate reserve	$681,452,000
Excess reserve	114,134,130

The changes from the actual condition of the week before were:

Loans and discounts	Inc.	$14,255,000
Reserve	Inc.	33,316,000
Net demand deposits	Inc.	49,107,000
Net time deposits	Dec.	2,040,000
Circulation	Dec.	132,000
Surplus reserve	Inc.	25,186,180

The increase of $14,255,000 in the loan item was not unexpected in view of the large scale of activity in the stock market during the week. As a matter of fact, a larger increase would not have surprised. An increase of $25,186,000 in surplus reserves was the largest since July 15.

New York Federal Reserve.—The condition of the Federal Reserve Bank of New York at the close of business Friday, compared with the previous week, follows:

Resources.	Sept. 22.	Sept. 15.
Gold reserve	$169,951,365	$167,154,830
Legal tender money	2,316,475	2,116,828
Total reserve	$172,267,840	$169,271,658
Discounts	27,802,070	28,708,724
Investments	9,245,297	9,480,298
Federal Res've notes (net)	14,618,120	13,842,515
All other resources	299,745	292,344
Total res'ces	$224,233,072	$221,595,539
Liabilities.		
Capital	$11,600,700	$11,600,700
Res've deposits (net)	201,715,571	191,453,831
Gov't deposits	4,870,644	5,886,819
Due to other Federal Res. banks (net)	6,046,158	12,654,189
Total liabilities	$224,233,073	$221,595,539
Federal Res. notes outstanding	$77,076,900	$76,773,000
Against which there is deposited with Federal Res. agent: Gold and lawful money	77,076,900	76,773,000

Federal Reserve Banks.

Washington, Sept. 23. An increase for the week of about $1,000,000 in the bank's combined gold reserves and of about $750,000 in the aggregate cash reserves is indicated by the weekly bank statement of the Federal Reserve Board, made public to-day. Considerable shiftings of gold between the banks are shown to have taken place during the last week, largely through transfers on the books of the Gold Settlement Fund. Gains of gold are reported by the New York, Philadelphia and San Francisco banks. In the case of the New York bank the gain in gold reserve is due in part to increased deposits and the liquidation of acceptances and Treasury notes.

Transactions in United States securities are reported by three banks, resulting in an increase of $638,000 in the amount of United States bonds and a decrease of $1,000,000 in the amount of one-year Treasury notes held.

Government deposits show a net decrease for the week of about $250,000, New York and St. Louis reporting considerable withdrawals of government funds. Net member bank deposits increased over $4,000,000, the larger gain reported by the New York bank being offset to some extent by substantial net withdrawals from the Chicago and Dallas banks.

Federal reserve bank notes in circulation decreased about $300,000 during the week. Federal reserve agents report a total of $209,778,000 net of notes issued, an increase of $7,248,000 for the week. Against this total they hold $193,110,000 of gold and $17,981,000 of paper. The banks' reports indicate a total circulation of Federal reserve notes of $191,635,000. Their aggregate liabilities on notes issued by the agents is stated as $14,605,000.

The Federal Reserve Board's statement of the combined resources and liabilities of the twelve reserve banks on September 15 follows:

RESOURCES.

Gold coin and certificates in vault	$258,711,000
Gold settlement fund	117,791,000
Gold redemption fund with U. S. Treasury	1,941,000
Total gold reserve	378,443,000
Legal tender notes, silver, etc.	7,642,000
Total reserve	386,085,000
Five per cent redemption fund against Federal Reserve bank notes	500,000
Bills discounted and bought:	
Maturities within 10 days	24,378,000
From 11 to 30 days	24,238,000
From 31 to 60 days	37,893,000
From 61 to 90 days	23,594,000
Over 90 days	1,487,000
Total	111,590,000
INVESTMENTS.	
United States bonds	47,553,000
One year United States Treasury notes	8,039,000
Municipal warrants	24,137,000
Total earning assets	191,319,000
Federal Reserve notes, net	16,080,000
Due from Federal Reserve banks, net	29,266,000
All other resources	8,451,000
Total resources	$631,701,000
LIABILITIES.	
Capital paid in	$55,423,000
Government deposits	39,947,000
Member bank deposits, net	518,456,000
Federal Reserve notes, net	14,605,000
Federal Reserve Bank notes in circulation	2,914,000
All other liabilities	356,000
Total liabilities	$631,701,000

Gold reserve against net deposit and note liabilities, 69.6 per cent.

Cash reserve against net deposit and note liabilities, 71 per cent.

Cash reserve against net deposit liabilities after setting aside 40 per cent gold reserve against aggregate net liabilities, on Federal Reserve notes in circulation, 71.9 per cent.

Bank Exchanges.—The day's clearings at New York and other cities:

	Exchanges.	Balances.
New York	$569,244,890	$20,269,626
Baltimore	6,367,702	414,360
Boston	32,246,250	3,918,561
Philadelphia	45,516,759	4,382,856

Sub-Treasury.—New York banks gained from Sub-Treasury $1,944,000.

Silver.—Bars in London, 32⅞ pence; here in New York, 68¾ cents; Mexican dollars, 52⅝@55⅝ cents.

The Dollar in Foreign Exchange

Fluctuations in the foreign exchange market during the week were, as a rule, narrow and bore no special outward significance. Sterling rates were again maintained at the so-called "peg" prices, with practically no changes of importance. French bills continued to display firmness, while German exchange exhibited a somewhat better tone, selling from 69¾ cents to 70⅝ cents for four marks. In the middle of the week Russian exchange developed strength, but a large part of the advance was subsequently lost.

If you calculate the cost of the dollar in terms of foreign money—that is, as if you were buying dollars with pounds, marks or francs—its value at the close of last week as compared with a year ago would be about as follows:

	Cost of one dollar. Yesterday.	Year ago.
In English money	$1.02	$1.04
In French money	1.12	1.14
In Dutch money	.99	1.04
In German money	1.36	1.18
In Swiss money	1.02	1.03
In Swedish money	.95	1.03
In Russian money	1.59	1.51

The market was quiet yesterday and rates were little changed from the preceding day.

	Yesterday.	Week ago.
Sterling, demand	4.75¾	4.75¾
Sterling, sixty days	4.71½	4.71¾
Sterling, cables	4.76 7/16	4.76 7/16
Sterling, ninety days	4.69¼	4.69½
Francs, demand	5.86	5.85¾
Francs, cables	5.85¼	5.85¼
Guilders, checks	40⅞	40¾
Guilders, cables	40 15/16	40⅞
Reichsmarks, checks	70¾	69⅞
Reichsmarks, cables	70⅞	70
Lire, checks	6.46	6.45
Lire, cables	6.45½	6.44½
Swiss, checks	5.33⅛	5.32½
Swiss, cables	5.32⅜	5.32
Austrian kronen, ch'ks	12.05	12.00
Stockholm, kr., checks	28.50	28.60
Copenhagen, kr., ch'ks	28.30	28.60
Pesetas, checks	20.13	20.14
Rubles, checks	32.30	31.90

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity as calculated by the United States Mint:

	Current exchange value.	Intrinsic value.
Pounds, sterling	$4.75¾	$4.86⅝
Francs	0.17	0.19.3
Guilders	0.40⅞	0.40.2
Marks	0.17.7	0.23.8
Rubles	0.32.30	0.51.2
Lire	0.15.5	0.19.3
Crowns (Denmark)	0.28.30	0.26.8

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling for $4.75 11/16; the intrinsic parity is $4.86⅝ per pound. Thus, you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

Sweden's Lumber Industry.

Lumber, wood-pulp and their manufactures make up nearly half the total exports of Sweden. The state-owned forests show a net profit of approximately $3,000,000. The Swedish lumbering industry is conducted scientifically and is under rigid supervision. Timber cutting for sale may not be undertaken before the state foresters have marked each tree ripe for sale, and only a certain number are marked, so as not to endanger the future of the industry.

Diamond Industry Reviving.

There are indications of an early revival of the South African diamond industry, which has been closed down since the beginning of the war. The directors of the Premier Mine, near Pretoria, recently decided to start work again on a small scale, limited to about 25 per cent of the normal operations.

$125,000,000 OF COPPER IN ONE WAR CONTRACT

The Largest Single Commodity Order in History of Modern Industry.

What is believed to be the largest single order ever placed for a single commodity in the history of the world was officially announced yesterday. This was a contract calling for delivery of 448,000,000 pounds, or 200,000 long tons, of copper to Great Britain, France, Russia and Italy during the first six months of 1917. The sellers are leading American producers represented by the United Metals Selling Company and the American Smelting and Refining Company.

The cost of the metal will be approximately $125,000,000. The price agreed upon was between 26 and 27 cents a pound, which is a little under the open market quotations for 1917 copper. The contract has been under negotiation since the early summer. Men in the trade declared yesterday that if it had been consummated a few months ago Great Britain, who is acting in the transaction for the Allies, could have obtained the copper several cents per pound cheaper.

The placing of the order not only spells further prosperity for the leading copper companies of the country, but also means that corresponding demands will be made upon industries such as steel, nickel and zinc, all of which are used in the manufacture of shells.

The order will call for 25 per cent of the country's entire refining output from January to July, 1917, and will make copper metal much scarcer so far as domestic needs are concerned. During the six months' period up to June 1 of this year the purchases of England, France and Russia in this market totalled approximately 450,000,000 pounds, according to figures compiled by Dow, Jones & Co. In that period two single orders—one for 100,000,000 pounds, the other for 150,000,000 pounds—were placed.

These figures indicate that the total copper purchases of the Allies in this country since the first of the year have aggregated 900,000,000 pounds, involving an expenditure of some $230,000,000.

Some interesting facts on the copper refining capacity of the country are presented in the current number of "The Engineering and Mining Journal." It says:

> It is well known that the production of crude copper has increased in 1916 to a larger extent than has that of refined copper, pointing out that the lag in the latter has been due to inability to increase quickly the refining capacity which throughout the year has been taxed to the utmost. On January 1, 1916, according to this authority, the electrolytic refiners of the United States reported an aggregate capacity at the rate of 1,877,000,000 pounds of copper per annum, or about 156,000,000 pounds per month. Adding 20,000,000 pounds per month for the copper that is refined otherwise and for what is marketed as pig, total capacity for the production of refined copper was placed at 176,000,000 pounds per month. On September 1, 1916, the refiners reported an aggregate capacity of 2,173,000,000 pounds per annum, and at that date there was construction going on at four refineries which was figured as adding about 220,000,000 pounds a year to the capacity of the United States.

Shares of the leading copper companies listed on the Stock Exchange, buoyant of late on reports that a record contract was pending, showed further advances yesterday. Utah and Anaconda were the leaders in the rise, with gains of 3¼ and 2⅛ points, respectively. Both reached new high record prices.

FOREIGN TRADE OF CANADA FLOURISHES

The Excess of Exports in Four Months Over $200,000,000.

By S. ROY WEAVER.

Toronto, September 22.

The reduction in Canadian importations of foreign products—partly voluntary, but more largely enforced by war's interference with commerce—and the great expansion in exports from the Dominion have strengthened Canada's ability to absorb its own war issues. For four months of the fiscal year ending July 31 exports of merchandise exceeded imports by $224,104,210. Excluding from the totals coin and bullion, which are exceptional owing to special transactions between the imperial and Canadian governments, and therefore not an indication of the trend of commerce, the following figures give an idea of the flourishing condition of Canada's foreign trade:

	Aug. 1, '15, to July 31, '16	Aug. 1, '14, to July 31, '15
Imports: Merchandise	$622,986,550	$419,370,836
Exports:		
Can. prod.	$932,787,684	$451,020,541
For. prod.	148,822,047	48,851,781
Total mdse.	$1,081,609,731	$499,872,322

While extravagance usually accompanies national prosperity even in war time, monthly bank statements show that the Canadians have saved a good share of their war profits. On August 31, 1915, the chartered banks held deposits by the public aggregating $1,026,602,800. On July 31, 1916, those deposits amounted to $1,221,322,107. In the intervening eleven months the people of the Dominion increased their deposits with the banks by $194,719,307, in addition to paying up the first war loan of $100,000,000. Part of the gain was derived from the loan itself, because the money was spent in Canada for supplies and services.

AMERICA EQUIPPING WORLD'S RAILROADS

Car and Locomotive Builders Swamped by Foreign Orders.

Announcement in The Tribune last Friday that the steel mills of the country are confronted with prospective orders from the Allied governments of approximately 1,000,000 tons, the bulk of which is intended for the manufacture of railroad equipment, has brought forth an interesting explanation of the big increase in foreign inquiries. This is made by Charles M. Muchnic, manager of the foreign department of the American Locomotive Company.

"While the Entente Powers," said Mr. Muchnic yesterday, "were supplied with enough railroad equipment to carry them through the early period of war, the terrific wear and tear caused by the transportation of troops and the conversion of practically all the equipment plants into makers of munitions exclusively have compelled the Allies, particularly France and Russia, to come to American manufacturers for large numbers of locomotives and cars, as well as rails and other railroad supplies."

Mr. Muchnic estimated that the total foreign inquiries pending in this market, in addition to orders already placed, have a value of between $110,000,000 and $125,000,000. Besides France and Russia, Finland and Spain want large tonnages of railroad equipment from American manufacturers.

The American Locomotive Company's expert predicted that the foreign demand for our railroad equipment will continue for at least a year after the end of the war. In the interim, he said, Belgium probably will be added to the list of Allied countries to enter this market as buyers of locomotives, cars and supplies, as the Germans wrought destruction of the railroads and commandeered much of the equipment when they entered the country. Germany must be driven out of Belgium and Northern France, however, before this new influx of orders will be felt, Mr. Muchnic said. Concerning post-bellum conditions he added:

"Within a year or two after the war is ended Europe should be able to provide most of its own equipment, but American manufacturers need not fear any great slackening in the foreign demand, because new markets are constantly opening up in South America, China and Africa. Sales to those countries, in my opinion, will prove to be an important offset to the loss of business that must necessarily follow a cessation of hostilities in Europe."

In addition to the unprecedented foreign demand for railroad equipment, domestic business, Mr. Muchnic said, has shown a big improvement during the past few months. With their record earnings the equipment companies are placing themselves in an excellent position to meet foreign competition after the war.

$15,000,000 FRENCH CREDIT COMPLETED

Bankers Announce Closing of the Participation Syndicate.

William P. Bonbright & Co., syndicate managers, announced yesterday the closing of the American syndicate participating in the $15,000,000 French credit arranged by them last week. Like the two earlier credits of similar amounts negotiated by the banking firm in conjunction with the Bankers Trust Company, the loan is to be utilized by drafts drawn by French banking houses on American banks.

The drafts are then either held by the banks themselves or sold, or, if desired, they may be rediscounted in the Federal Reserve banks. The proceeds then are available in dollars and will be expended only for American products exported to France. The drafts and their three renewals run for one year, and their payment at maturity is provided for not only by the obligation of the French banks drawing the drafts, but also by pledge to Bonbright & Co. of French government one-year notes of identical maturities. Their official statement is offered:

> Owing to the form of credit, represented as it is by bank drafts and not by definitive securities, the credit will be entirely supplied by American banks, and there will be no public offering or distribution. The drafts are an attractive form of liquid investment for the principal American banks owing to their availability for rediscount in the Federal Reserve System. The American managers report that the credit was much oversubscribed.

KANSAS CITY THE MECCA FOR BANKERS

American Association Will Be in Session This Week.

Important banking and financial development of the last year will come up for discussion at the annual convention of the American Bankers' Association which will open Monday at Kansas City. The meeting will continue in session for the remainder of the week.

New York bankers who are members of the association left yesterday on a special train over the Pennsylvania road to attend the convention. There were about 150 in the delegation. The same train also carried delegations of bankers from Connecticut, New Jersey and Pennsylvania.

The membership of the association is now over 15,000, all sections of the country being represented, and the attendance at the meeting this year is expected to be usually large.

PERVERSITY OF PACIFIC RATES

Slump Salutes the Happy Restoration of the American Flag.

Washington, September 21.

Simultaneously with the publication of an optimistic report on transpacific shipping by the Bureau of Foreign and Domestic Commerce of the Department of Commerce, the United States consular official at Hong Kong writes of a serious demoralization in shipping conditions in Far Eastern waters.

This report of the Bureau of Foreign and Domestic Commerce characterizes the recent purchase of three large ships by the Pacific Mail Steamship Company as marking "the turning point in the fortunes of American shipping on the Pacific." As to the future of American shipping in those waters the bureau is not so sure. "Whether American shipping will fully regain its former standing on the Pacific cannot now be definitely foretold," it says, "but there is no further danger of the flag disappearing in that quarter."

But freight rates in the Pacific are not what they were a few months ago. As more ships have entered the service the volume of freight moving has slackened. The United States consular office at Hong Kong, in discussing this phase of the situation, calls attention to the sharp decline in transpacific freight rates in August, when rates comparable with those obtained previous to the war were quoted. "General business slackness in the Far East," it said, "due to some extent to the high value of silver exchange, which prevents the sale of Chinese products abroad to advantage, has resulted in a marked decrease in the movement of produce. As usual under such circumstances, the subsidized Japanese lines have cut rates. Several large tramp steamers have come into the market for cargoes, and additional tonnage has been offered from other sources. The result has been a general collapse in rates eastward, which is likely to obtain until some of the tonnage now in service on the Pacific is transferred to other routes and until a change in the silver situation permits a renewal of active export to the United States and Canada. Rates from Hong Kong and China ports to the United States and Canadian overland common points at the present time are open and competitive."

BUILDING COSTS ARE DISREGARDED

Large Orders for Structural Steel Placed at Higher Prices.

Building costs are disregarded by those manufacturers who are so deluged with orders that they are forced to make extensions to their plants, and the demand for structural steel keeps on the increase, with prices tending steadily upward.

Additional contracts placed for structural shapes in the last week represent about 25,000 tons, which bring the total of September orders so far up to approximately 100,000 tons. These orders are for building material wanted for plant extension, bridge building and the construction of coal and ore docks.

Railroads are paying record prices for new equipment. Fifty-ton cars, which a year or so ago were selling below $1,000 each, are not, according to report, obtainable now below $2,100. This increase results largely from the advance in the price of steel plates during the last year from $1.35 to $4 or more per 100 pounds.

The Entente allied governments are again actively negotiating for a large tonnage of billets to be used in the manufacture of shells in Europe. The demand for the moment is largely centred upon forging billets, which have commanded from $65 to $70 per gross ton at interior mills. Domestic manufacturers of shell steel have recently paid from $66 to $69 per ton for forging billets. There is also an active demand for small ingots for export to Italy. It was thought a few weeks ago that foreign purchases of shell steel had been so heavy that no additional important tonnages would be needed for six months. Inquiries now in the market indicate that manufacturers have underestimated the requirements of the Allied governments.

The Russian government is reported to be negotiating for a large tonnage of barbed wire for 1917 shipment, estimates ranging from 65,000 to 75,000 tons. Foreign inquiries are also heavier than previously reported. France alone requires 85,000 tons.